



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 6, 2000

### **S. 2920**

### **Indian Gaming Regulatory Improvement Act of 2000**

*As ordered reported by the Senate Committee on Indian Affairs on September 27, 2000*

S. 2920 would provide new direct spending authority to the National Indian Gaming Commission (NIGC), which would supplement its appropriations. The bill would authorize the commission to invest the unspent portions of the fees it collects each year from Indian gaming operations in interest-bearing obligations of the United States or in obligations guaranteed by the United States. The commission could spend interest earned on such amounts without further appropriation action. S. 2920 also would require that the NIGC submit a strategic planning report to the Congress every two years, require background checks for tribal gaming commissioners and employees, change the NIGC's fee schedule from a flat-rate to a cost-based system, and allow the NIGC to spend the civil penalties it collects from Indian gaming operations on grants and technical assistance to tribes without further appropriation action.

### **Impact on the Federal Budget**

CBO estimates that enacting this bill would increase direct spending, on average, by about \$2 million each year. Because the bill would affect direct spending, pay-as-you-go procedures would apply. The estimated costs include annual spending of about \$2 million from allowing the NIGC to spend the civil penalties it collects each year and less than \$500,000 from allowing it to spend the interest earned on balances invested in Treasury obligations. (Our estimate of the amount of new spending from civil penalties is based on the average amount of such penalties collected by the NIGC in recent years.) CBO estimates that implementing the provisions to change NIGC's fee schedule from a flat-rate to a cost-based system and to prepare a biennial strategic and performance plan would increase its administrative costs by less than \$500,000 each year.

## **Intergovernmental and Private-Sector Impact**

S. 2920 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would require tribes to conduct background investigations of tribal gaming commissioners and employees of tribal gaming commissions. Information from the Indian Gaming Association suggests that most tribes would pay a nominal fee (less than \$50) to the NIGC to collect information for those investigations. (The NIGC, along with the FBI, currently collects such information for use by gaming operations when they conduct background investigations.) CBO estimates that the total number of commissioners and employees requiring investigations would be small (fewer than 2,000) and that less than one staff-year per tribe would be required to complete the investigations. Based on this information, we estimate that the cost of complying with this mandate would fall well below the annual threshold established in that act (\$55 million in 2000, adjusted annually for inflation). The bill contains no private-sector mandates as defined in UMRA.

Enactment of S. 2920 would have other impacts on Indian tribes that conduct gaming operations. The bill would require the NIGC to establish a new fee schedule for the tribes it regulates. The commission collects fees from the tribes under current law, but this provision could result in a reallocation of those fees among the tribes, though it would not change the total amount of fees collected. The bill also includes explicit authority for the commission to establish minimum internal control standards for tribes. Such standards have already been established by the commission under current law, but this provision would clarify its authority and could prevent legal challenges to the existing standards.

The CBO staff contacts for this estimate are John R. Righter (for federal costs), and Marjorie Miller (for the impact on state, local, and tribal governments). This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.